

What's at Stake for U.S. Workers and the Economy?

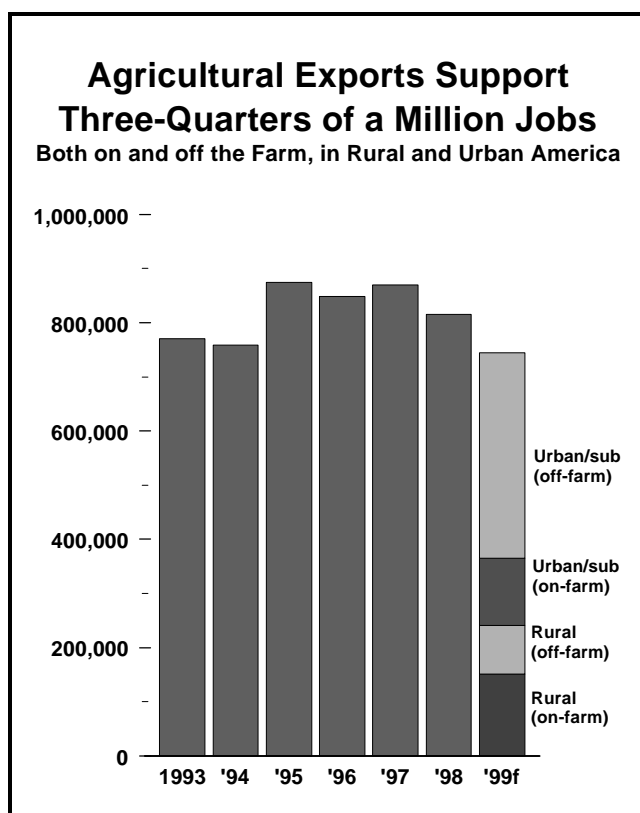
Agricultural exports support jobs and economic activity across America; both on the farm and off, in urban and rural communities. Future export prospects for agriculture and the jobs they support depend, in large part, on the U.S. ability to maintain and expand market access, ensure fair competition, and further level the international playing field for U.S. producers and exporters. The next round of World Trade Organization (WTO) talks provides the best opportunity to continue global trade liberalization for agricultural products by reducing remaining barriers to trade.

Why Agricultural Exports Matter for U.S. Workers and the Economy

In 1998, U.S. agricultural exports totaled \$53.6 billion, and \$49 billion is forecast for 1999. Sharply lower commodity prices and reduced Asian demand are to blame. Still, despite this temporary dip in sales, about one-quarter of U.S. agricultural production is shipped overseas. According to USDA's Economic Research Service, each export dollar creates another \$1.28 in supporting activities to process, package, ship, and finance products. This means that agricultural exports generated \$122 billion in total economic activity in 1998.

Agricultural exports currently support three-quarters of a million American jobs. These jobs pay higher than average wages and are distributed among a wide range of communities and professions, both on the farm and off, in urban and rural communities. One-third of these jobs are in rural areas, many of which rely on agriculture and related

industries as their primary employer and a major source of economic growth. No other industry contributes a greater share of its export benefits to rural America. Urban/suburban communities benefit from agriculture's export successes, too. In 1998, these exports supported 538,000 urban and suburban jobs. While a significant number of these were on-farm jobs, most were off the farm.



How Trade Agreements Expand Employment and Economic Opportunities

Dozens of previous agreements have opened markets, reduced unfair competition, brought some discipline to sanitary-phytosanitary barriers, and introduced more effective dispute-settlement procedures in global trade. The result has been an increase in agricultural exports. Export gains attributed solely to trade liberalization since 1985 have been conservatively estimated by ERS at \$3.5 billion a year. Once the Uruguay Round and NAFTA are fully implemented by 2005-2008, the projected impact will grow to over \$10 billion a year. With USDA expecting exports to grow ...*Impacts on Workers and the Economy*

substantially by then, exports directly attributed to trade liberalization will represent 13 percent of total U.S. agricultural exports. These export gains have, in turn, already translated into increased opportunities for tens of thousands of U.S. workers and, by the next decade, this number will approach 200,000. Further trade liberalization will add to these gains.

However, trade liberalization is not a one-way street. To gain greater access to the world's six billion people, the United States must be prepared to grant others greater access to its market. While past agreements have led to some increase in U.S. agricultural imports, exports have grown far more. Why? Because the United States is the most competitive producer and largest exporter of agricultural products in the world. Any move towards a more liberal world trading system in agricultural products benefits the United States more than any other country.

Here are some specific examples of how past trade liberalization has increased U.S. exports:

- # **Uruguay Round** -- This was the first multilateral trade round in 50 years that substantially addressed issues affecting agriculture. In agriculture, it covered four areas -- reduced export subsidies, increased market access through reductions in tariffs and elimination of non-tariff barriers, decreased internal supports, and increased disciplines on sanitary and phytosanitary regulations. The result: U.S. agricultural exports are expected to rise by more than \$5 billion a year by 2005, with the largest gains in the grain and livestock sectors. These gains will support 95,000 jobs, more than \$10 billion in overall economic activity, and \$1.9 billion in farm income.
- # **NAFTA** -- Implemented in January 1994, NAFTA established rules for free trade between Canada, Mexico, and the United States. The agreement phases out most trade restrictions within 15 years; provides special safeguards for sensitive seasonal horticultural imports; sets country-of-origin rules; and, disciplines sanitary and phytosanitary regulations. When completely implemented in 2008, U.S. agricultural exports to our NAFTA partners are expected to rise by almost \$3 billion, which amounts to an additional 50,000 jobs, \$5.3 billion in overall economic activity, and \$1 billion in farm income.
- # **Beef and Citrus Agreement with Japan** -- This 1988 agreement removed Japan's quotas on beef and replaced them with tariffs that have been gradually reduced. For citrus and juices, the quotas were removed. The result: U.S. exports expanded by \$1.3 billion, supporting almost 30,000 jobs, \$3.5 billion in overall economic activity, and \$450 million in farm income.